

Message Text

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C O N F I D E N T I A L TOKYO 18101

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, EC, JA

SUBJECT: SEPARATE MEETING OF U.S. STEEL DEL WITH MITI OFFICIALS

REF: TOKYO 18051

1. SUMMARY: FOLLOWING CLOSE OF FULL TALKS, MITI OFFICIALS REQUESTED PRIVATE MEETING AT WHICH MITI STEEL DIVISION DIRECTOR ISHII EMPHASIZED WILLINGNESS HIS MINISTRY TO COOPERATE WITH U.S. IN RESOLVING STEEL PROBLEMS TO AVOID NEW 301 COMPLAINTS BUT WITHOUT RESORTING TO SECTORAL APPROACH IN MTN. END SUMMARY.

2. MITI STEEL DIVISION DIRECTOR ISHII REQUESTED PRIVATE MEETING WITH STR REPRESENTATIVES ON DECEMBER 8 WITHOUT PRESENCE OF JAPANESE FOREIGN MINISTRY OFFICIALS. AT THE MEETING, HELD IN THE EMBASSY, ISHII EXPRESSED SYMPATHY WITH DESCRIPTION OF STEEL PROBLEMS PRESENTED BY USDEL DURING TALKS ON TWO DAYS PREVIOUS. HE SAID THAT ON ONE HAND HE WANTED TO AVOID ADDITIONAL COMPLAINTS UNDER SECTION 301 OF TRADE ACT WHILE ON THE OTHER HE WAS "NOT SEEKING A SECTORAL APPROACH TO STEEL" UNDER THE MTNS. INSTEAD, ISHII WOULD PREFER ANOTHER MECHANISM WHICH WOULD NOT BE IN CONFLICT WITH U.S. ANTI-TRUST LEGISLATION.

3. ISHII EXPLAINED THAT THE U.S.-JAPAN STEEL VRAS IN EFFECT FROM 1969 TO 1975 HAD NOT BEEN SATISFACTORY TO JAPAN. HE DOUBTED THAT GOJ COULD USE THE 1969 PROCEDURE WHICH REQUIRED 11 DIFFERENT CARTELS TO SUPERVISE
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JAPANESE FIRMS.

4. ISHII SAID HE WAS CONFIDENT THAT THE BIG SIX JAPANESE STEEL COMPANIES, WHICH ACCOUNT FOR 70 PERCENT OF JAPAN'S STEEL EXPORTS TO THE U.S., WOULD BE WILLING TO FOLLOW HIS SUGGESTIONS. THEREFORE HE WOULD PREFER A JOINT CONSULTATION MECHANISM SIMILAR TO THE ONE BETWEEN JAPAN AND THE ECSC.

5. WOLFF EMPHASIZED THAT USG HAD DEVELOPED NO FIRM POSITION ON STEEL AND WOULD NOT DURING TRANSITION PERIOD. HE NOTED THAT THE U.S. STEEL INDUSTRY WAS NOT SEEKING VRAS BUT SEEMED TO FAVOR CONSULTATIONS COMBINED WITH SAFEGUARDS DESIGNED TO PREVENT DISRUPTION DURING ECONOMIC RECESSIONS. HE ADDED THAT THE USG WAS CONCERNED WITH OVERALL INTERESTS, NOT ONLY THOSE OF THE U.S. STEEL INDUSTRY. AT THIS POINT, HE SAID, WE WANTED TO KEEP OPTIONS OPEN.

6. WOLFF URGED FURTHER BILATERAL TALKS TO CONSIDER APPROPRIATE FUTURE STEPS. ISHII INDICATED SUCH TALKS WOULD BE USEFUL. HE WOULD ALSO LIKE FURTHER DISCUSSION OF PROBLEMS WHICH MIGHT ARISE BECAUSE OF SIMONET PLAN AND EXPRESSED SOME CONCERN ABOUT AUTOMATIC IMPORT RESTRICTIONS WHICH THAT PLAN SEEMED TO INCLUDE. ISHII REITERATED HIS READINESS TO COOPERATE ON MUTUAL ACTIONS. WOLFF ANSWERED THAT OUR CURRENT INTEREST IS IN DISCUSSING AND ANALYZING PROBLEMS WHILE MAINTAINING OUR FREE TRADE POLICY.

7. AS THE MEETING BROKE UP ISHII ASKED THAT WE NOT INFORM JAPANESE FOREIGN MINISTRY THAT IT HAD TAKEN PLACE.

8. EMBASSY COMMENT: ALTHOUGH MITI STILL CONSISTENTLY RESISTS, OUR IMPRESSION IS THAT JAPANESE MIGHT BE PERSUADED TO ACCEPT A SECTORAL APPROACH TO STEEL IN THE MTNS WHEN IT UNDERSTANDS WHAT WE HAVE IN MIND AND TERMS ARE WORKED OUT TO PREVENT SUCH APPROACH FROM SERVING AS A COVER FOR PROTECTIONISM.

9. FOREGOING NOT SEEN BY WOLFF OR HEIMLICH BEFORE DEPARTURE. DEPARTMENT REQUESTED TO PASS TO OTHER CONFIDENTIAL

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ADDRESSEES AS APPROPRIATE.
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